

Company Presentation

October 2008



## Forward-Looking Statements

*Statements in this presentation may be "forward-looking statements" within the meaning of federal securities laws. The matters discussed herein that are forward-looking statements are based on current management expectations that involve risks and uncertainties that may result in such expectations not being realized. Actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements due to numerous potential risks and uncertainties including, but not limited to, the need to manage our growth and integrate additional capital, acquire additional vessels, volatility in the dry-bulk shipping business and vessel charter rates, our ability to obtain sufficient capital, the volatility of our stock price, and other risks and factors. Forward-looking statements made during this presentation speak only as of the date on which they are made, and Euroseas does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this presentation.*

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*This presentation also contains historical data about the dry bulk and containerized trade, dry bulk and containership fleet and dry bulk and containership rates. These figures have been compiled by the Company based on available data from a variety of sources like broker reports and various industry publications or represent Company's own estimates. The Company exercised reasonable care and judgment in preparing these estimates, however, the estimates provided herein may not match information from other sources.*

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## Introduction & Milestones

- » Euroseas is a provider of worldwide dry cargo transportation services.  
We own:
  - Drybulk carriers – transporting iron ore, coal and grains and minor bulks
  - Container and multipurpose ships – transporting dry and refrigerated cargoes
- » Formed by industry veterans in June 2005 – Pittas family has owned/operated vessels since 1870
  - Became public in 2006 after a \$21 million private placement in August 2005
  - Raised \$225 million in 3 follow-on offerings in 2007
  - Bought 8 vessels for \$193 million since the beginning of 2007
- » Market capitalization ~\$250 million based on \$8.04 / share as of 9/29/2008
  - 30.5 million shares outstanding (NASDAQ: ESEA)
  - ~33% owned by founding shareholder

## Current Fleet – 16 Vessels

	Name	Type	Size		Year
			DWT	TEU	Built
Drybulk Carriers	<b>Irini</b>	<b>Panamax</b>	<b>69,734</b>	<b>-</b>	<b>1988</b>
	<b>Aristides N.P.</b>	<b>Panamax</b>	<b>69,268</b>	<b>-</b>	<b>1993</b>
	<b>Ioanna P.</b>	<b>Panamax</b>	<b>64,873</b>	<b>-</b>	<b>1984</b>
	<b>Gregos</b>	<b>Handysize</b>	<b>38,691</b>	<b>-</b>	<b>1984</b>
	<b>Nikolaos P.</b>	<b>Handysize</b>	<b>34,750</b>	<b>-</b>	<b>1984</b>
Container ships	<b>Despina P.</b>	<b>Handysize</b>	<b>33,667</b>	<b>1,932</b>	<b>1990</b>
	<b>Jonathan P.</b>	<b>Handysize</b>	<b>33,667</b>	<b>1,932</b>	<b>1990</b>
	<b>Tiger Bridge</b>	<b>Intermediate</b>	<b>31,627</b>	<b>2,228</b>	<b>1990</b>
	<b>Maersk Noumea</b>	<b>Intermediate</b>	<b>34,677</b>	<b>2,556</b>	<b>2001</b>
	<b>Artemis</b>	<b>Intermediate</b>	<b>29,693</b>	<b>2,098</b>	<b>1987</b>
	<b>Clan Gladiator</b>	<b>Intermediate</b>	<b>30,007</b>	<b>1,742</b>	<b>1992</b>
	<b>YM Xingang I</b>	<b>Handysize</b>	<b>23,596</b>	<b>1,599</b>	<b>1993</b>
	<b>Manolis P.</b>	<b>Handysize</b>	<b>20,346</b>	<b>1,452</b>	<b>1995</b>
	<b>Ninos</b>	<b>Feeder</b>	<b>18,253</b>	<b>1,169</b>	<b>1990</b>
	<b>Kuo Hsiung</b>	<b>Feeder</b>	<b>18,154</b>	<b>1,169</b>	<b>1993</b>
	<b>Tasman Trader</b>	<b>Multipurpose</b>	<b>22,568</b>	<b>950</b>	<b>1990</b>
	<b>Total</b>	<b>16 vessels</b>	<b>573,571</b>	<b>18,827</b>	<b>18 yrs</b>



## Management Team & Board

- » Aristides J. Pittas – Chairman, Chief Executive Officer & President
  - 23 years shipping experience / 4<sup>th</sup> generation of Pittas family
  - In charge of Pittas’ family shipping interests since 1994
- » Anastasios (Tasos) Aslidis – Chief Financial Officer & Treasurer
  - 20 years shipping experience / investment & risk management
- » Symeon (Simos) Pariaros – Chief Administrative Officer
  - 10 years shipping experience / Chartering and brokerage
- » Board of Directors with majority of independent directors
  - Aristides P. Pittas – Vice Chairman of the Board
  - All other directors are CEOs in their respective business and have significant shipping experience

## Business Strategy – Generate Consistent Shareholder Returns

- » Focus on timely and selective acquisitions of quality secondhand vessels
  - Drybulk carriers & Container ships
  - Segments with lower supply growth & multiple trading routes and cargoes
- » Balanced employment between period and spot charters
  - Strong contract coverage – cover fixed costs for upcoming 12-month period
  - Employ remaining capacity according to our market expectations
- » Cost effective operations
  - One of the lowest cost operator among the public companies (based on SEC filings)
- » Prudent use of bank financing to maximize & provide consistent shareholder returns
  - Optimize financial leverage with charter coverage
  - Pursue aggressive debt amortization, when market conditions permit, as they do now, to provide consistent dividends throughout shipping cycles



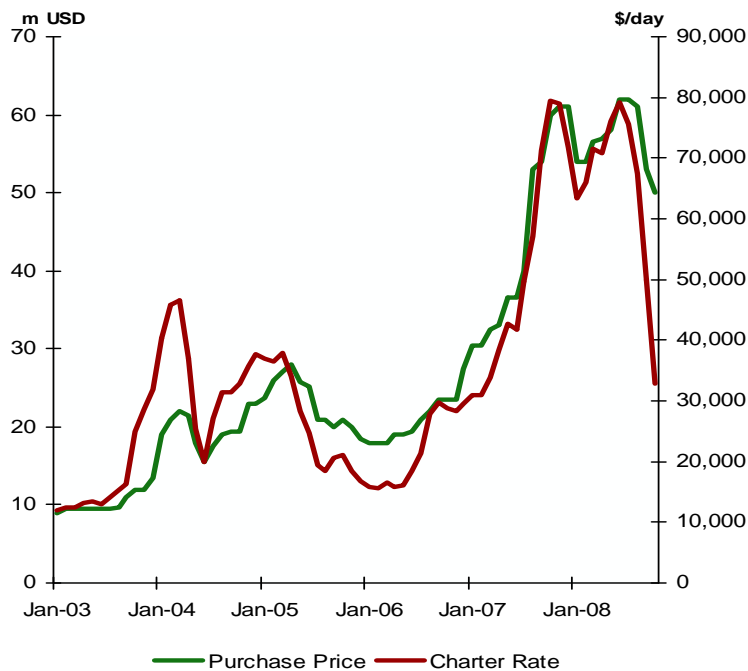
**EUROSEAS LTD**

**Market Overview**

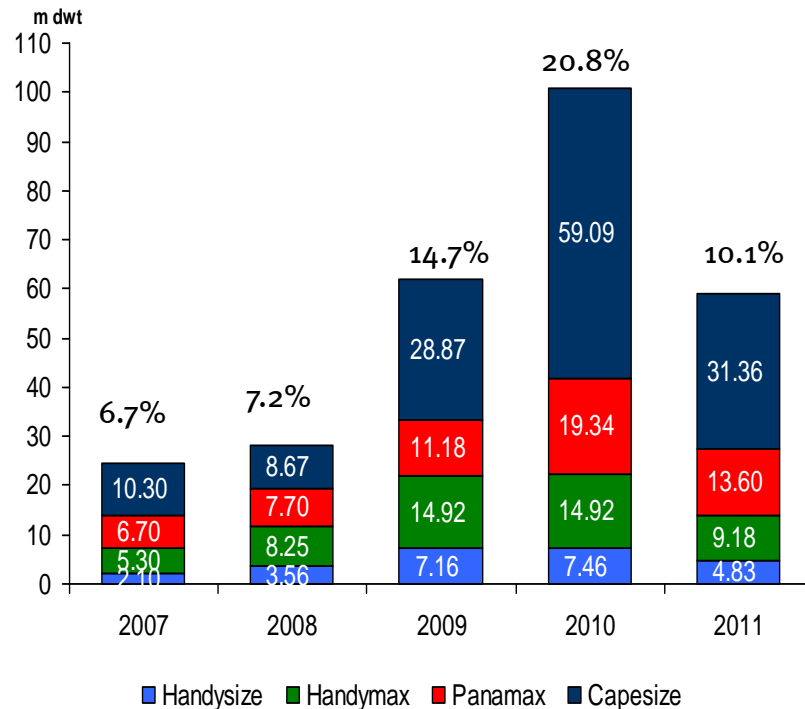


# Drybulk Rates & Orderbook Delivery Schedule

## Panamax Dry Bulker<sup>(1)</sup>



## Dry Bulk Orderbook <sup>(1)</sup>



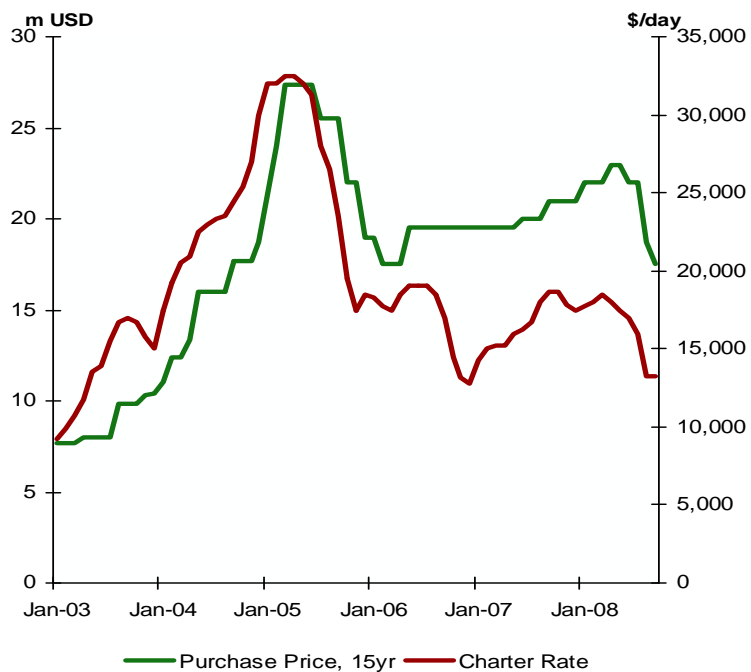
**Still Strong Rates and Firm Vessel Prices**

**Large Vessels Dominate Orderbook**

(1) Source: Clarksons - Deliveries as percent of fleet is calculated without accounting for scrapping, other removals or conversions

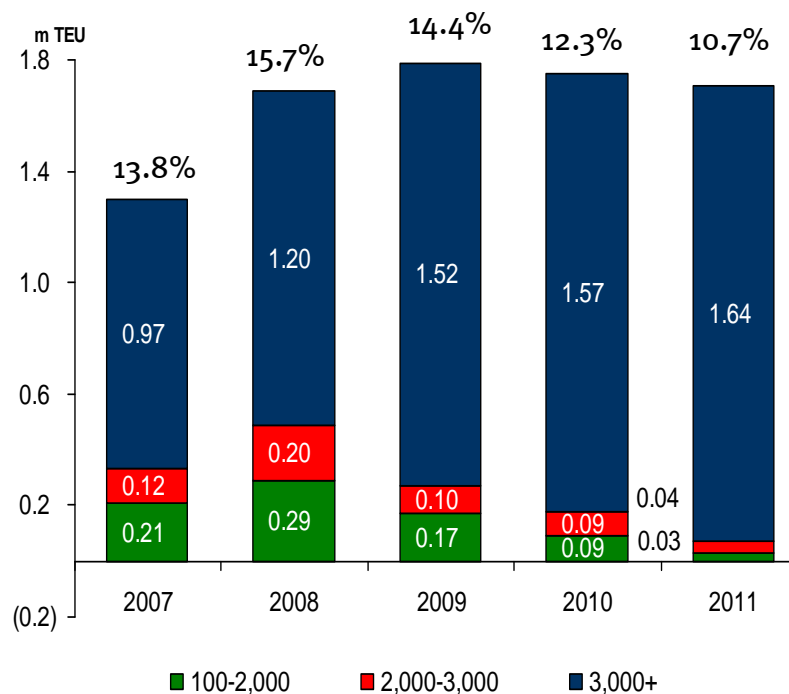
# Containership Rates & Orderbook Delivery Schedule

## Handysize Containership<sup>(1)</sup>



**Rates Softening, Asset Prices Might Follow**

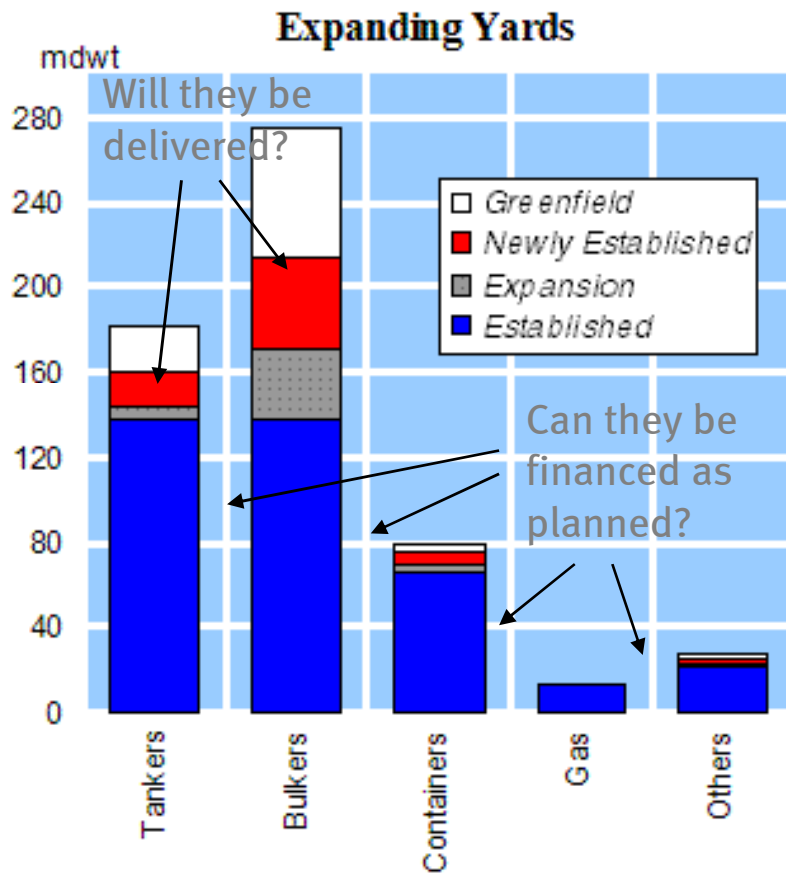
## Container Orderbook<sup>(1)</sup>



**Large Vessels Dominate Orderbook**

(1) Source: Clarksons - Deliveries as percent of fleet is calculated without accounting for scrapping or other removals

# World GDP Growth Vs. Vessel Deliveries



Source: Clarkson Research Services

	2006	2007	2008/2009
USA (2)	3.3%	2.5%	1.4% / 1.3%
Eurozone(2)	3.0%	2.7%	1.7% / 1.3%
Japan (2)	2.8%	1.9%	1.4% / 1.3%
China (2)	10.5%	11.2%	9.8% / 9%
Other Asia (1)	6.4%	6.5%	6.2% / 6%
TOTAL WORLD (3)	5.4%	4.9%	3.8% / 3.7%

Source: (1) Marsoft Inc. (2) Economist (3) IMF as August/September 2008



**EUROSEAS** LTD

Strategy Overview



## Investment Strategy: Example of Drybulk Investment

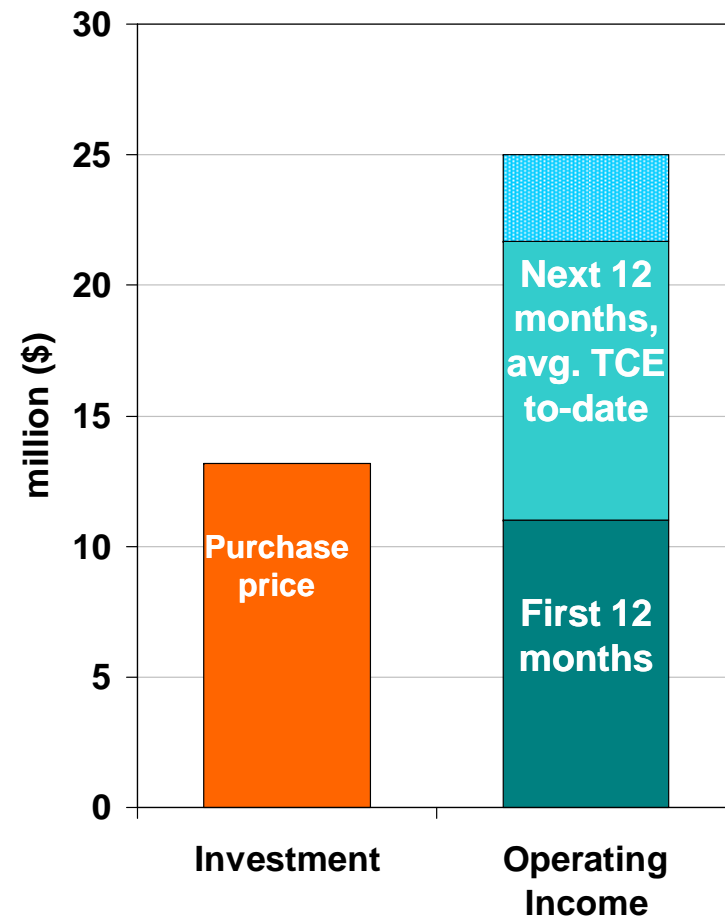
### Objective:

#### Maximize risk-adjusted project returns

- » Credit and residual value risk Vs. operational risk
- » Consistent evaluation framework

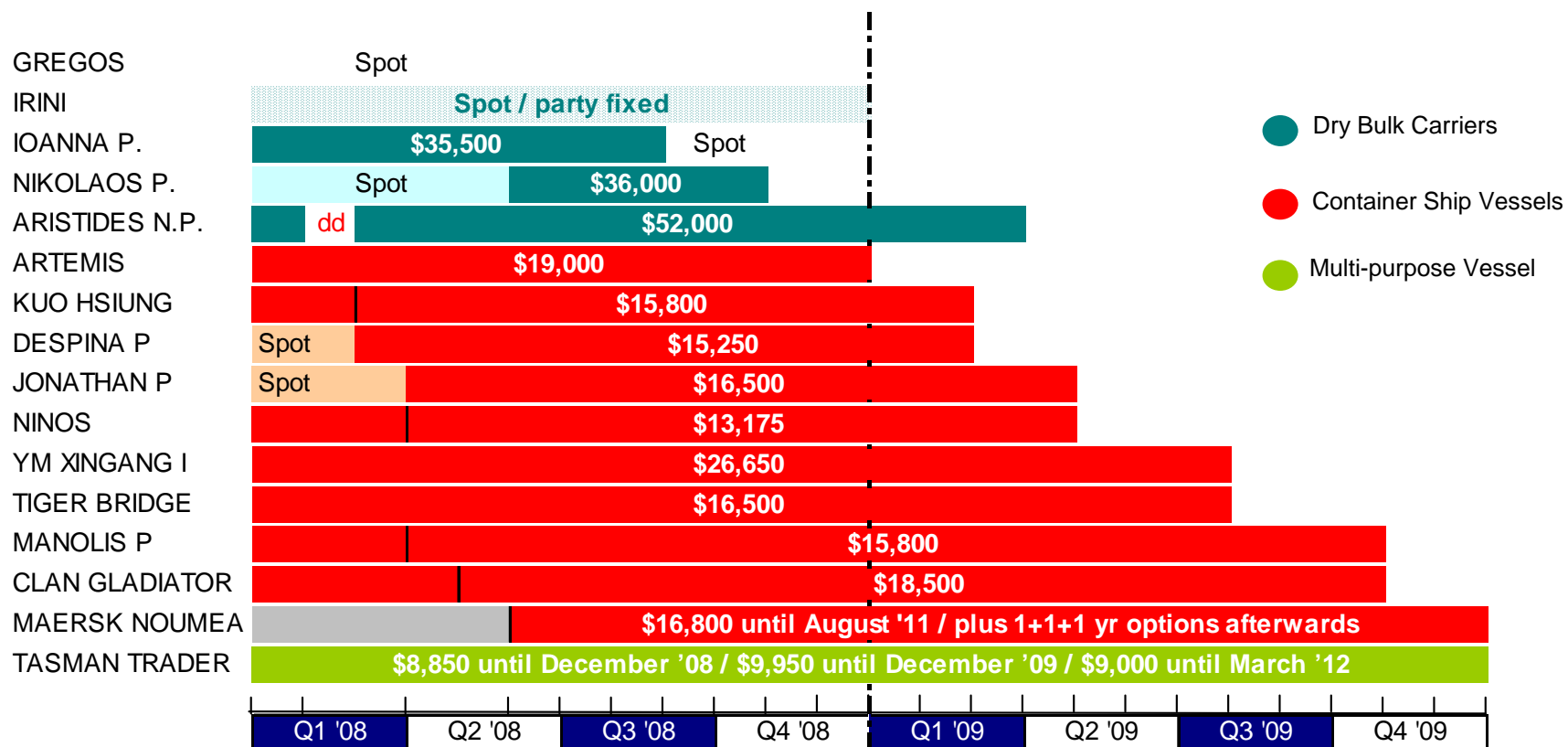
### Example: m/v Gregos

- » Purchased m/v Gregos in Feb-2007, a 38,434 dwt '84 built drybulk vessel for \$13.15 million
- » Average daily TCE earnings to-date: approximately \$35,000/day;
- » We have already recouped the investment –and more- and still have use of the vessel for (at least) another 3.5 years



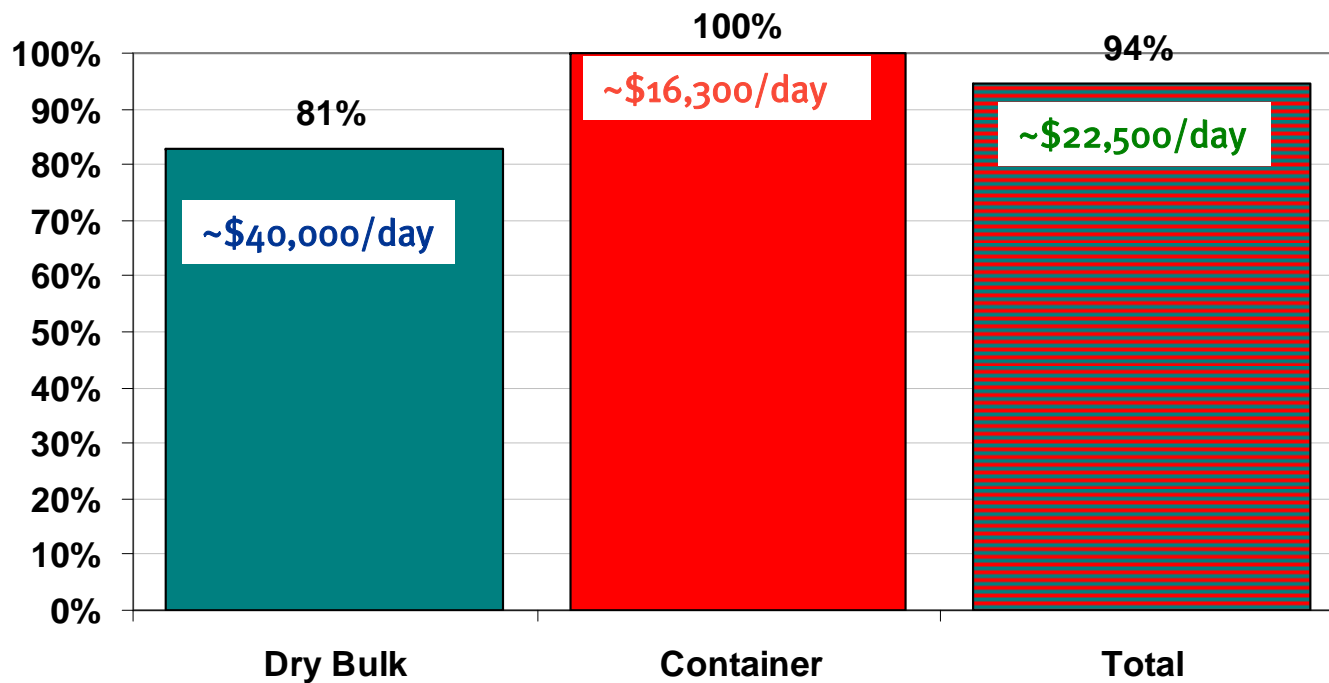
# Vessels Employment Chart

94% coverage in 2008 / 34% coverage in 2009



(1) The m/v "Irimi" participates in a short fund (contracts of affreightment to carry cargo) that reduce its exposure to the sport market  
 (2) The coverage for Sep-Dec 2008 is approximately 83% (44% for dry bulkers and 100% for containerships and multipurpose vessels)

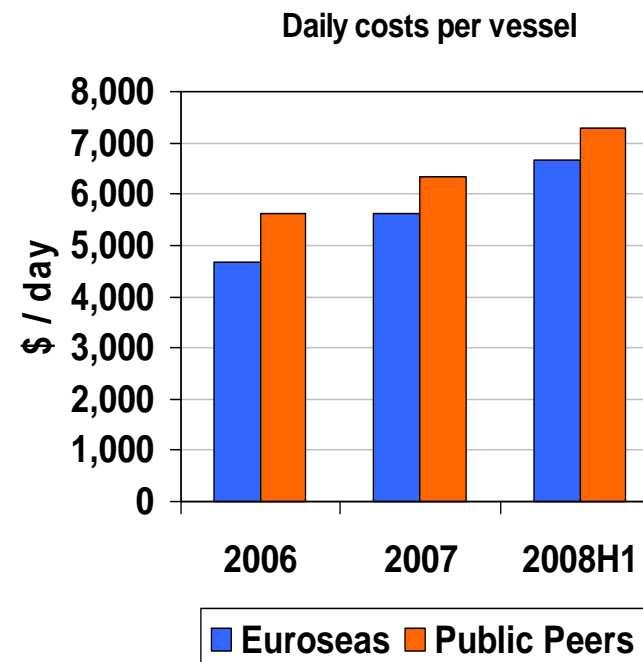
## Charter Coverage for 2008



- » Secure base revenue 2008 for the existing fleet while maintaining exposure to the drybulk market

## Fleet Management & Operational Performance

- » Management is performed by Eurobulk Ltd., an affiliate
  - Top management – 100+ years of industry shipping experience
  - 4<sup>th</sup> generation of Pittas' family managing secondhand dry-cargo ships
- » Fleet utilization rate consistently averages around 99%
  - Outstanding safety and environmental record
- » Overall costs achieved are amongst the lowest of the public shipping companies



- (1) Includes running cost, management fees and G&A expenses
- (2) Data from SEC company filings
- (3) Peer group includes DRYS, DSX, EGLE, EXM, GNK, QMAR (drybulk) and SSW, DAC (containership)
- (4) QMAR is included for 2006 & 2007 only; on April 15, 2008, it merged with EXM

A large white cargo ship is shown at sea, viewed from an elevated angle. The ship has a prominent white superstructure with a large blue star on its side. The deck is visible, showing various structures and equipment. The ship is moving through the water, creating a white wake. The text 'Financial Overview' is overlaid in red on the ship's superstructure.

**Financial Overview**

## Fleet Data for 2<sup>nd</sup> Quarter and 1<sup>st</sup> Half of 2007 and 2008

<u>Fleet Statistics</u>	Second Quarter		First Half	
	2007	2008	2007	2008
	<u>(unaudited)</u>		<u>(unaudited)</u>	
<b>Number of vessels</b>	10.08	15.44	9.55	15.22
<b>Utilization Rate %</b>	99.8%	98.8%	99.8%	99.1%
<b>Averages in usd/day/vessel</b>				
<b>Time Charter Equivalent (TCE)</b>	\$ 18,776	\$ 25,918	\$ 18,567	\$ 25,824
<b>Operating Expenses</b>				
Vessel Operating Expenses	4,587	6,050	4,515	5,820
G&A Expenses	474	894	396	829
<b>Total Operating Expenses</b>	<b>5,061</b>	<b>6,944</b>	<b>4,911</b>	<b>6,649</b>
<b>Interest Expense</b>	<b>1,270</b>	<b>482</b>	<b>1,365</b>	<b>614</b>
<b>Drydocking Expense</b>	<b>1,738</b>	<b>752</b>	<b>1,492</b>	<b>1,182</b>
<b>Loan Repayments</b>	<b>5,409</b>	<b>6,135</b>	<b>5,422</b>	<b>5,231</b>
<b>Total Cash Flow Breakeven</b>	<b>13,478</b>	<b>14,313</b>	<b>13,190</b>	<b>13,676</b>

## Financial Highlights for 2<sup>nd</sup> Quarter and 1<sup>st</sup> Half of '07 and '08

(in million USD except per share amounts)	Second Quarter			First Half		
	2007	2008	% <sup>(4)</sup>	2007	2008	% <sup>(4)</sup>
Net Revenues	\$15.6	\$34.5	121.5%	\$29.1	\$67.3	131.2%
Capital Gains	-	-	-	\$3.4	-	-
Net Income	\$6.4	\$15.7	145.3%	\$15.9	\$30.9	94.5%
Net Income excl. Cap. Gains	\$6.4	\$15.7	145.3%	\$12.5	\$30.9	147.7%
Adjusted EBITDA <sup>(1)</sup>	\$11.4	\$21.7	91.4%	\$24.9	\$42.7	71.1%
"GAAP" EPS, Diluted <sup>(2)</sup>	\$0.35	\$0.51		\$0.92	\$1.01	
"GAAP" EPS excl. Cap. Gains, Diluted	\$0.35	\$0.51		\$0.72	\$1.01	
"Operating" <sup>(3)</sup> EPS excl. Cap. Gains, Diluted	\$0.38	\$0.44		\$0.79	\$0.86	

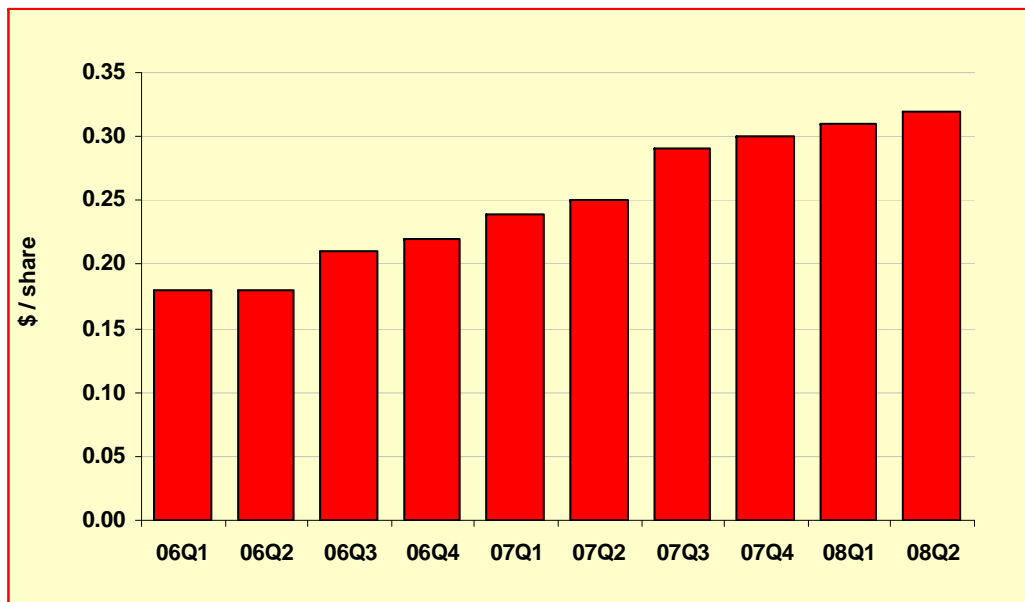
- (1) See press release of 8/14/2008 for Adjusted EBITDA reconciliation to Net Income and Cash Flow from Operations.
- (2) Calculated on 18,447,922 and 17,258,629 weighted average number of diluted shares for 2007 and 30,554,537 and 30,501,654 diluted shares for 2008.
- (3) "Operating" EPS excludes from Net Income the amortization of fair value of charters acquired. See press release of 8/14/2008 for reconciliation to Net Income.
- (4) Calculated based on figures in press release of 8/14/2008, i.e. before rounding to million USD.

## Balance Sheet & Other Data

- » **Cash @ June 30, 2008: \$ 68.7m**
  - Also restricted cash of \$7.1m
  
- » **Debt: \$67.1 m as of June 30, 2008**
  - Loan to value ratio less than 15%
  - Debt to Capitalization ratio about 19%
  
- » **Significant purchasing power to fund growth**
  - \$60-65 m in cash,  
plus
  - About \$100-125 m in debt raising capacity on existing fleet
    - Based on a conservative 40-50% loan/value ratio
  - plus
  - Further leveraging of new acquisitions

# Dividend History & Policy

## Dividend History



## Dividend Policy

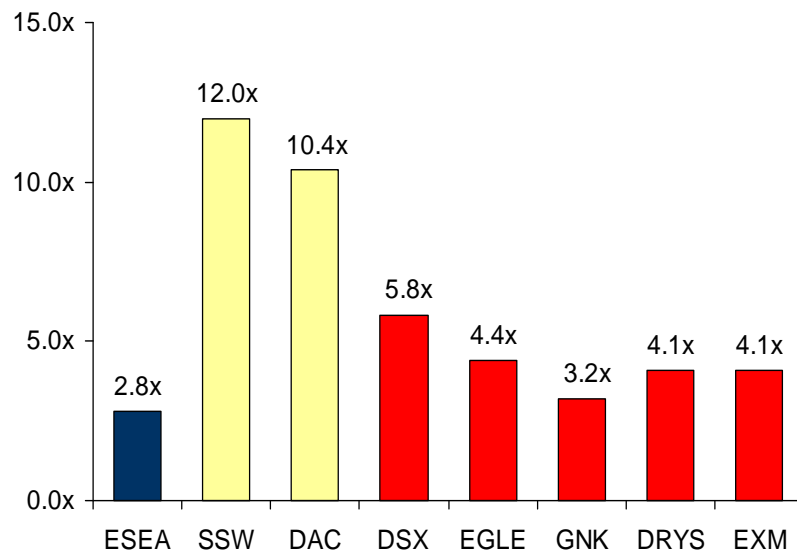
- » Objective to provide stable or increasing dividends
- » Dividend for '08 Q2: \$0.32/share
- » Current dividend equates to about 15.9% annualized yield <sup>(1)</sup>
- » Comfortable coverage of present dividend for 2008 & 2009 even without any further investment<sup>(2)</sup>

(1) Based on closing price of \$8.04 on 9/29/08

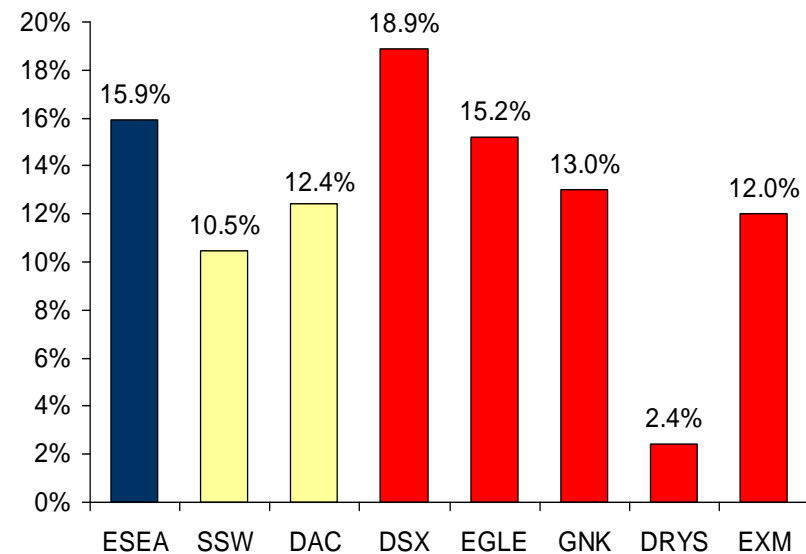
(2) Assuming yet to be fixed days are fixed at same TCE with existing contract rates

# ESEA Stock Ratios Vs. Selected Peers

## EV/2009E EBITDA



## Dividend Yield



Valuation upside and one the highest dividend yields

Source: Jefferies Quarterly report as of September 26, 2008 as adjusted by the Company for stock prices as of September 29, 2008; ESEA ratios based on analyst reports as combined by the Company.

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